

UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

January 14, 1994, 1:00 p.m.  
Utah Association of Counties Offices

**Members Present:** Gary Herbert, Utah County Commissioner  
Ken Brown, Rich County Commissioner  
Dennis Ewing, Tooele County Clerk  
Sid Groll, Cache County Sheriff  
Gerald Hess, Davis County Deputy Attorney  
Ty Lewis, San Juan County Commissioner  
Gary Sullivan, Beaver County Commissioner  
Dixie Thompson, Emery County Commissioner

**Members Absent:** Max Adams, Uintah County Commissioner

**Others Present:** Kent Sundberg, Utah County Deputy Attorney  
Brent Gardner, UACIM Administrator  
David Nelson, UACIM Loss Prevention Manager  
Sonya White, UACIM Administrative Assistant  
Harry Bowes, UACIM Consultant  
Fred Medenwaldt, AIMS Exec. Vice President  
Jess Hurtado, AIMS Vice President/UACIM Broker  
Keri Chappell, AIMS Technical Assistant  
Doug Alexander, AIMS Branch Manager  
Dean Bachman, AIMS Service Representative

Gary Herbert called the meeting to order at 1:10 p.m.

### Review and Approval of November Minutes

The minutes from the previous Board of Directors Meeting in November 1993, were reviewed and a motion was made and seconded to approve the minutes. The motion carried.

### Utah Supreme Court Decision to Uphold Cap

This court decision was discussed at the UACIM Litigation Management Committee Meeting on January 12. Generally, under some circumstances, the LMC felt that this was a good decision but that it may not go as far as the newspapers report (see attachment #1). For example, it speaks about the old proprietary governmental distinction that the legislature did away with years ago. The case was actually initiated in 1986 before that statute came into being. The LMC will look at the decision more carefully at the next LMC Meeting in March.



### **Inmate Medical Costs**

Sid explained that this issue came up at the UAC Annual Convention during the sheriff's meeting. The sheriffs had commented on how difficult it was for them to handle these medical costs and they questioned if the Mutual would be in a position to look at these costs and see if there was something that could be done. Brent explained that on August 12, 1993, UACIM sent to all the member county insurance coordinators a information packet from Acordia Local Government Benefits, Inc., along with a letter explaining that Catastrophic Inmate Medical Expenses is a coverage that our brokerage firm does not offer but that Acordia may be an option. Sid was not aware of this and felt that none of the sheriffs had seen this letter or packet. Sid will take this information with him to the next Sheriffs Association Meeting on January 27, and respond to the UACIM Board in March.

### **Financial Statements & Loss Summary Review**

Brent reviewed the monthly statement ending December 31, along with the Loss Summary Review beginning January 1992 to December 31, 1993. The trend in claims and the amounts paid and reserved is growing to the point that the Mutual is close to spending the entire loss fund. Once the actual dollars paid out by the Mutual is over \$850,000 then the aggregate policy that the Mutual purchased takes over. Harry and Jess will address why the claims are growing in their report. The highest growth is in the area of auto physical damage and auto liability, which are basically the counties own vehicles.

### **Certificate of Authority Renewal**

The Board reviewed the application from the State of Utah Insurance Department for the renewal of the Mutual's Certificate of Authority. Gary signed the draft in the amount of \$300.00 for the renewal fees.

### **Legal Advise for Loss Control**

Kent reported that due to the inquiries by the member counties regarding the possibility of a legal consulting program for loss control issues, Brent, David, Gerald and Kent met with Attorney Lynn Lund, who has done work for the counties in the past. We wanted to set down some guidelines for the counties to go through David to get the authority to contact Lynn. The LMC recommends a trial program for 1994 that when legal consultations for loss prevention matters arise, the Mutual would suggest that the counties contact their own county attorney. In the event the county attorney cannot respond to the county's concerns, then David will be available to authorize the use of Lynn or whomever David felt would be best suited to handle the matter. The LMC felt that \$5,000.00 should be allocated for such a program out of the line items for loss





prevention. The Mutual can also suggest that the counties attend the LMC meetings to discuss any problems.

A motion was made to approve the program previously discussed. The motion was seconded and carried.

Brent and Sonya were excused for other commitments.

### **Loss Prevention Report**

David reported on the training and seminars completed last year including the sexual harassment seminar in Millard County and the Land Use seminar in St. George. A training schedule for 1994 was also reviewed.

David reviewed the results from the questionnaire that was sent to all member counties as to whether personnel policies are being used in the county along with policies for high speed pursuit.

David explained plans for a UACIM newsletter costing approximately \$325.00 per quarter not including postage. A motion was made to allow the publication of the UACIM newsletter. The motion was seconded and carried.

In discussing the auto physical damage losses, a motion was made for Harry and David to work together to draft a letter from the Board and signed by Gary to go out to each member county insurance coordinator and commission chairman, identifying problems in regard to the automobile losses in their county, giving the county suggested options and requesting a report back as to what their county intends to do to help control these problems. A compiled report for the next Board meeting is requested. The motion was seconded and carried.

### **TPA Fee Schedule**

The Board reviewed a letter for the Proposed TPA Fee for 1994 from Aon Insurance Management Services (AIMS). Jess explained that the 1994 cost, \$200,000, will be kept the same as last year and brought up to no more than 15% on an annual basis as the Mutual becomes more profitable.

The minutes will show that the Board acknowledges receipt of the letter and the Board acknowledges that there is a proposal from Jess that the Mutual will have an increase in 1995 of 15% but that the Board has not agreed to that proposal and that the Board will discuss this at the appropriate time towards the latter part of this year as the Mutual sets the annual budget.



## **Brokers Report**

Jess reported on agenda item 10a, Fire Service Districts. The Board reviewed a copy of the letter sent to Commissioner Tony Dearden, Millard County, from AIMS regarding the county's fire service district. Jess explained that to his understanding in talking with Millard County and Brent, that Millard County has met the criteria for coverage and has been accepted under the Mutual. A motion was made for David to go to Millard County within the next 30 days to set up a defensive driving course for the county if they have not already had the course. The motion was seconded and carried.

Kent stated that in the LMC meeting a list of the special districts in Grand County was reviewed and the LMC was concerned as to whether these districts have been checked to meet the criteria of the Mutual. A motion was made that Brent, Jess and whomever else they feel appropriate, meet with Grand County and audit the county to see if the county's special districts meet the criteria of the Mutual which falls into two categories, if the commission retains control of the special district to accept or dismiss members of that board and if the special district has taxing authority or not. The motion was seconded and carried.

Ty was concerned with the problem of automobile claims in these special districts. A motion was made that the Mutual request the resolutions on each special district that the Mutual is covering. The resolution will state whether the commission has the right to revoke the authority of the special district which will tell the Mutual whether that district qualifies or not. David will need to review these special districts and let the counties know if there is a problem and recommend how the problem can be corrected. The motion was seconded and carried.

Jess reported on agenda item 10b, Officers and Directors Coverage. The Board reviewed a copy of the letter addressed to Brent Gardner from AIMS regarding the Duchesne County Hospital and the request as to whether the officers and Board of Trustee members are covered under the Mutual. A motion was made for a letter to be drafted from the Mutual that the current policy will not be changed to cover Hospital Directors and Officers. The motion was seconded and the motion carried.

Jess reported on agenda item 10c, Official Bonds. The Board reviewed a copy of the letter addressed to Brent Gardner from the Millard County Attorney. The Board agreed that a reply letter would be drafted from the Mutual stating that the counties are not covered for surety bonds under the Mutual.



### **Consulting Services Proposal**

Harry reviewed his written proposal for 1994 Administrative/Consulting Services with the Board. Harry was excused while the Board discussed his proposal. The Board decided to table any further discussion until Brent is able to give his input as to whether Harry's services are justified to continue at the same rate or make any modifications.

### **Consultant Report**

Harry reviewed with the Board his concerns, outlined in a memorandum, regarding property/auto physical damage and gave his recommendations.

Harry reviewed a listing of Loss Prevention Publications available through County Technical Services, Inc. and offered the option that the Board may want to consider using the services of someone such as Alan Chapman who has worked with the Colorado Counties and has approximately 20 years in loss prevention experience to work with David and enhance the Mutual's loss prevention master plan. No decision or motion was made by the Board.

### **Litigation Committee & Claims Report**

A motion was made for the Board to go into Executive Session. The motion was seconded and carried.

A motion was made the Board to come out of the Executive Session. The motion was seconded and carried.

A motion was made to authorize settlement of claim number 801DAV937043 in the amount of \$16,247.58. The motion was seconded and carried.

A motion was made to authorize settlement of claim number 801GRA937007 in the amount of \$18,841.49. The motion was seconded and carried.

A motion was made to authorize settlement of claim number 801SAJ937008 in the amount of \$10,109.69.

### **Other Business**

The Board reviewed the proposal from Coopers & Lybrand for audit and actuarial services for the year ending December 31, 1993. A motion was made to accept the proposal with an inflationary increase from last year of 3%. The motion was seconded and carried.



Information regarding two Prima Management Conferences was reviewed by the Board. The Board decided to wait until the National Prima Conference in Denver held in April or May to send several Board members. Discussion will continue at next Board meeting in March.

Jess reported that over the next week he will take the losses per county in auto physical damage claims and general liability claims and break them down by the last two years. He will send this information to the commission chair and insurance coordinator of each member county so they will have this information in their hands along with a letter signed by Brent explaining that action needs to be taken in these areas. Jess will break the claims down by department and type of loss. This will also enable David to focus in on where those problems are in each county.

The next Board of Directors meeting is scheduled for March 11, 1994, 12:00 noon in Utah County.

Meeting was adjourned





**UAC INSURANCE MUTUAL  
MINUTES, BOARD OF DIRECTORS  
EXECUTIVE SESSION**

November 4, 1993  
UAC Office, S.L.C., Utah

**Members Present:** Gary Herbert, Utah County Commissioner  
Ken Brown, Rich County Commissioner  
Dennis Ewing, Tooele County Clerk  
Sid Groll, Cache County Sheriff  
Gerald Hess, Davis County Deputy Attorney  
Ty Lewis, San Juan County Commissioner  
Gary Sullivan, Beaver County Commissioner  
Dixie Thompson, Emery County Commissioner

**Members Absent:** Max Adams, Uintah County Commissioner

**Others Present:** Kent Sundberg, Utah County Deputy Attorney  
Dave Nelson, UACIM Loss Prevention Manager  
Harry Bowes, UACIM Consultant  
Jess Hurtado, AIMS Vice President/UACIM Broker  
Keri Chappell, AIMS Technical Assistant  
Doug Alexander, AIMS Branch Manager

Executive session was held to discuss the Litigation Committee and Claims Report.





UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## **UAC INSURANCE MUTUAL BOARD OF DIRECTORS MEETING**

Friday, January 14, 1994, 1:00 p.m.

Utah Association of Counties Offices  
Salt Lake City

# **AGENDA**

- 1. Call to Order**
- 2. Review and Approval of November Minutes**
- 3. Utah Supreme Court Decision to Uphold Cap**
- 4. Inmate Medical Costs**
- 5. Loss Summary & Financial Statements Review**
- 6. Certificate of Authority Renewal**
- 7. Legal Advise for Loss Control**
- 8. Loss Prevention Report**
- 9. TPA Fee Schedule**
- 10. Broker Report**
  - a. Fire Service Districts**
  - b. Officers & Directors Coverage**
  - c. Official Bonds**
- 11. Consulting Services Proposal**
- 12. Consultant Report**
- 13. Litigation Committee & Claims Report**
- 14. Other Business**



# Top court upholds cap on damages paid by state

Associated Press

The Utah Supreme Court has upheld a cap of \$250,000 placed on damages the state pays victims in lawsuits the same day jurors awarded families nearly \$1 million in a suit against the Department of Transportation.

The author of the 3-2 decision, Chief Justice Gordon Hall, wrote that the government historically was immune to lawsuits over the safety of public roads. Later laws allowed Utahns to sue over dangerous roads but capped the possible damages.

Hall said that since legislators

had created a new right for residents, they had the power to limit that new right.

In his dissenting opinion, Justice Daniel Stewart argued the caps are unfair. Utahns who are slightly injured can be completely compensated, he said. But the caps discriminate against those who suffer "devastating injuries," he said. Officials argue the caps strike a balance between compensating victims of state negligence and protecting Utah's financial resources.

Victims argue the limits can leave them financially ruined by

medical bills and lost wages and stop them from holding the state accountable for misconduct.

"There's no incentive for safety," said lawyer Charles Sampson.

Sampson represented teenager Brandon Wright of Roosevelt and his parents after the youth was injured in a traffic accident.

Wright was one of seven passengers in a van that was carrying students home to Roosevelt on state Route 40 from a church outing in Provo in June 1990. The van rolled after it was struck by a driver who tried to turn onto U-40 from an un-

improved driveway.

John C. Nebeker, 15, and Alexis Earl, 18, were killed. Wright suffered severe head injuries. The parents of Nebeker and Wright sued both drivers and the state, arguing the unimproved road was hazardous.

On Wednesday, jurors found UDOT was 35 percent at fault. The Nebekers were awarded \$1.2 million, and Wright was awarded \$1.5 million. The state's share of the damages payment was more than \$950,000. The drivers' insurance payments were split by several families.

However, in light of the new Supreme Court decision, state attorneys plan to ask 3rd District Judge Kenneth Rignup to cut the jury verdict down to the cap.

The high court's opinion was handed down in a lawsuit filed against UDOT by Daniel McCortey, who was left a quadriplegic after a 1986 rollover accident near Cove Fort.

A jury found UDOT 28 percent at fault and ordered it to pay \$1.5 million of a \$5.4 million verdict. The judge cut the state's payment to the \$250,000 limit.

The court's opinion found there was sufficient evidence to uphold the verdict against UDOT and upheld the judge's decision to reduce the award.



Sidney P. Groll, Sheriff

Emergency: 911  
Civil Dept.: (801) 752-3235  
Jail: (801) 752-0060  
Business: (801) 752-4103

\_\_\_\_\_  
Sheriff's Deputy

## Cache County Sheriff's Office

52 West 200 North  
Logan, Utah

Post Office Box 3658  
Logan, Utah 84323-3658

November 17, 1993

Utah Association of County's Insurance Mutual  
ATTN: Brent Gardner  
4021 S 700 E  
Salt Lake City, UT

Dear Sir:

After talking with the County Sheriff's in St. George, a question came up concerning catastrophic medical costs for Jail inmates and how they might be covered through the Mutual.

Could we consider on our next agenda these items and a discussion to what they might be.

Brent, if you would like to give me a call, please feel free to do so at 752-4103.

Sincerely,



Sheriff Sidney P. Groll  
Cache County Sheriff's Office

SG/nl





August 12, 1993

«FIRST» «MIDD» «LAST»  
«COUNTY» «TITLE»  
«ADDRESS»  
«CITY\_ADDRESS»

RE: Inmate Medical Expenses

Dear «NAME»:

Please find the enclosed information for Catastrophic Inmate Medical Expenses. This coverage is something that our brokerage firm, Rollins Hudig and Hall does not offer to the UAC Insurance Mutual members but has found this coverage through Acordia Local Government Benefits, Inc.

Please review the information thoroughly and contact me or the Vice President of Sales/Marketing at Acordia, Lee Hauser, 1-800-945-9220, with any questions or concerns. The address for Acordia is:

Acordia Local Government Benefits, Inc.  
One Utah Center  
201 South Main, Suite 900  
Salt Lake City, Utah 84111

Sincerely,

L. Brent Gardner  
Administrator

LBG:sw



## *MEMORANDUM*

*DATE:* January 14, 1994  
*TO:* UACIM Board of Directors and Administrator  
*FROM:* David L. Nelson  
*RE:* Seminars and Training for 1993 and 1994

---

The following were presented to UACIM Member Counties in 1993:

- Employee/Personnel Discipline; presented six (6) times at eight (8) hours each on a regional basis.
- Defensive Driving Course; most member counties participating in this four (4) hour course.
- Introduction to Risk management; one (1) hour for each 23 counties.
- Land Use and Zoning; six (6) hours (presented at the UAC Annual Convention).
- Sexual Harassment; training for Millard County, two (2) sessions lasting two (2) hours.

The following are planned for 1994:

- Sexual Harassment.
- Personnel Discipline.
- FLSA (Fair Labor Standards Act), FMLA (Family Medical Leave Act).
- Equipment Usage; Road Department.
- County Self Help and Evaluation.
- County UACIM Insurance Coordinator Training.



***UACIM LOSS PREVENTION***  
***1994 County Risk Review and Training Schedule***

---

<b>JANUARY-</b>	Risk Review: San Juan County, Uintah County
<b>FEBRUARY-</b>	Risk Review: Grand County, Kane County Training: <u>"Sexual Harassment"</u>
<b>MARCH-</b>	Risk Review: Emery County, Utah County
<b>APRIL-</b>	Risk Review: Beaver County, Juab County
<b>MAY-</b>	Risk Review: Davis County, Sevier County Training: <u>"UACIM County Coordinator Seminar"</u>
<b>JUNE-</b>	Risk Review: Cache County, Wasatch County
<b>JULY-</b>	Risk Review: Box Elder County, Garfield County
<b>AUGUST-</b>	Risk Review: Duchesne County, Rich County Training: <u>"Employee Discipline"</u>
<b>SEPTEMBER-</b>	Risk Review: Iron County, Sanpete County
<b>OCTOBER-</b>	Risk Review: Tooele County, Washington County
<b>NOVEMBER-</b>	Risk Review: Piute County, Wayne County Training: <u>"Vehicle and Road Equipment Use"</u>
<b>DECEMBER-</b>	Risk Review: Millard County



COUNTY	UACIM MEMBER COUNTY QUESTIONNAIRE						
	Personnel Policy & Procedure Manual		County Employee Private Vehicle Use		“High Speed” Pursuit Policy		Date Reply Received
	YES	NO	YES	NO	YES	NO	
BEAVER							
BOX ELDER	✓		✓		✓		1/11/94
CACHE	✓		✓		✓		1/10/94
DAVIS	✓		✓		✓		1/18/94
DUCHESNE	✓		✓		✓		1/10/94
EMERY	✓			✓	✓		1/10/94
GARFIELD	✓		✓			✓	1/10/94
GRAND	✓		✓		✓		1/13/94
IRON	✓		✓		✓		1/12/94
JUAB	✓		✓			✓	1/12/94
KANE	✓		✓		✓		1/13/94
MILLARD	✓		✓		✓		1/12/94
PIUTE		✓	✓		✓		1/18/94
RICH							
SAN JUAN	✓		✓			✓	1/19/94
SANPETE	✓		✓		✓		1/12/94
SEVIER	✓		✓		✓		1/13/94
TOOELE	✓		✓		✓		1/11/94
UINTAH	✓		✓		✓		1/13/94
UTAH	✓		✓		✓		
WASATCH	✓		✓		✓		1/18/94
WASHINGTON	✓		✓		✓		1/24/94
WAYNE		✓	✓			✓	1/10/94





Facsimile: 801/488-2559



November 12, 1993

Mr. L. Brent Gardner  
Administrator  
UAC Insurance Mutual  
4021 South 700 East, Suite 180  
Salt Lake City, Utah 84107

Re: UAC Insurance Mutual - TPA Fee  
Proposed for 1994

Dear Brent:

Enclosed you will find the projected 1993 TPA Fee Schedule. The figures shown represent the 1993 actual costs for the first nine months with the remaining three months projected to complete the year. The total operational costs for the UAC Insurance Mutual TPA is \$242,443. I have met with Fred Medenwaldt and held an extensive review of the costs in order to fully understand all of the elements of the operational budget.

In the last year Aon Insurance Management Services, Inc. has increased staffing in several key areas. AIMS is now in a position to perform the Investigation and Report tasks in lieu of using an outside third party. Therefore, we are now in a position to delete the \$2,000. from the proposed Budget. This change reduces the total fee to \$240,443.

In looking back to the formation of the Mutual, it was agreed that all parties would do their utmost to keep all costs stable for a three (3) year period. This position was subject to the Mutual's loss experience and cost of the excess insurance.

The following is a breakdown of the TPA costs for each year of operation of the Mutual.

<u>Year</u>	<u>Actual Cost</u>	<u>Contract Cost</u>
1992	\$233,172.	\$200,000.



L. Brent Gardner  
Re: UAC Insurance Mutual - TPA Fee  
November 11, 1993  
Page 2.

<u>Year</u>	<u>Actual Cost</u>	<u>Contract Cost</u>
1993	\$238,063.	\$200,000.
1994	\$240,443.	\$200,000.

It is agreed that TPA fee will remain at \$200,000. for the 1994 contract period.

It is also agreed that in 1995, AIMS will limit the TPA fee increase 15%. This percentage increase will be applied on an annual basis, with full cost disclosure, until the actual TPA operational costs and the Mutual TPA fees adjust to a more equal basis.

Upon your review of this information, should you have any questions, please do not hesitate to call me and I will be more than happy to assist you.

Respectfully,

  
JESS A. HURTADO  
Vice President





December 30, 1993

Mr. Tony J. Dearden  
County Commissioner  
Millard County  
165 East 400 South  
Fillmore, UT 84624

Re: Millard County Fire Service District

Dear Commissioner:

I am in receipt of your letter dated November 24th, wherein you inquire the above captioned districts eligibility of coverage under the UAC Insurance Mutual.

Brent Gardner and I have reviewed Resolution 91-08-27A and both agree that extending coverage to the Fire District would not be a problem. The UAC Insurance Mutual will bind coverage for the Millard County Fire Service District until a final approval is given by the UACIM Board of Directors. Your letter and resolution will be reviewed and discussed on the January 14th, 1994 Board Meeting at which time a final decision will be made.

If in the meantime, should you have any questions or concerns, please do not hesitate to contact me.

Respectfully,

A handwritten signature in cursive script that reads "Keri Chappell".

Keri Chappell  
Account Executive

cc: L. Brent Gardner  
UACIM Administrator

Doug Alexander  
Aon Insurance





**MILLARD COUNTY ATTORNEY**  
MILLARD COUNTY,  
STATE OF UTAH

**LeRAY G. JACKSON**  
Millard County Attorney  
259 N. Highway 6  
P.O. Box 545  
Delta, Utah 84624  
(801) 864-2716

Please reply to: **LeRay G. Jackson**  
Delta Office

**DEXTER L. ANDERSON**  
Chief Deputy County Attorney  
750 South Highway 99, SR Box 52  
Fillmore, Utah 84631  
(801) 743-6522

November 24, 1993

RE: UAC Mutual - Millard County Fire Service  
District

Jess A. Hurtado  
AON Insurance Management Services, Inc.  
421 South 700 East, Suite 180  
Salt Lake City, Utah 84107

Dear Jess:

You will recall discussions had between your office and Millard County regarding insurance coverage of the Millard County Fire Service District. I am enclosing herewith a copy of Resolution No. 91-08-27A which outlines the control the Board of Millard County Commission has over the Administrative Control Board of the Millard County Fire Service District. Millard County believes that the County Commission has sufficient control over the management and operation of the Fire Service District to qualify the District for coverage under UAC Mutual Insurance Services. Would you please consider this letter as a request for coverage, effective January 1, 1994.

If you find there are problems in extending this coverage to the Fire Service District, we would appreciate knowing as quickly as possible so that we can maintain our present coverage. On the other hand, if we do not hear from you to the contrary, we will assume that insurance coverage will be extended to the Millard County Fire Service District commencing in 1994.

Very truly yours,

LeRay G. Jackson  
Millard County Attorney

**RECEIVED**

**NOV 30 1993**

LJG/vlj

Aon Insurance Management  
Services, Inc.

cc: John L. Hansen  
Millard County Auditor

Enc:

Tony Dearden  
Millard County Commissioner

**DEC 06 1993**





Facsimile: 801/488-2559



December 29, 1993

Mr. L. Brent Gardner  
Administrator  
UAC Insurance Mutual  
4021 South 700 East, Suite 180  
Salt Lake City, UT 84107

Re: Duchesne County Hospital

Dear Brent:

Enclosed you will find a copy of a letter from Herbert Gillespie requesting a response concerning coverage for the Board of Trustee Members for the Duchesne County Hospital.

It appears that Duchesne County is looking for Directors & Officers coverage in lieu of coverage for the Hospital under the UAC Insurance Program.

Please review and lets discuss.

Sincerely,

  
JESS A. HURTADO  
Vice President

JAH/kc

cc: Doug Alexander  
Aon Insurance





DUCHEсне COUNTY



Herbert Wm. Gillespie  
DUCHEсне COUNTY ATTORNEY  
P. O. Box 206  
Duchesne, Utah 84021  
(801) 738-2435

December 22, 1993

Mr. Jess Hertado  
ROLLINS, BURDICK & HUNTER  
P.O. Box 526259  
Salt Lake City, Utah 84152-6259

Dear Jess:

I have received a request from the Hospital Administrator to advise him whether or not officers and Board of Trustee members of the Duchesne County Hospital are covered by Duchesne County's Liability Policy. Enclosed please find a copy of the hospital's bylaws. Would you please advise us as to whether there is such coverage for officers and directors for Duchesne County Hospital under our UAC Insurance Policy, and what that coverage includes.

Thank you. Best wishes for a Merry Christmas and Happy New Year.

Sincerely,

*Herbert Wm. Gillespie*

Herbert Wm. Gillespie  
Duchesne County Attorney

cc: Brad LeBaron

enclosure

DEC 27 1993





**MILLARD COUNTY ATTORNEY**  
MILLARD COUNTY,  
STATE OF UTAH

**LeRAY G. JACKSON**  
Millard County Attorney  
259 N. Highway 6  
P.O. Box 545  
Delta, Utah 84624  
(801) 864-2716

Please reply to: **LeRay G. Jackson**  
Delta Office

**DEXTER L. ANDERSON**  
Chief Deputy County Attorney  
750 South Highway 99, SR Box 52  
Fillmore, Utah 84631  
(801) 743-6522

December 30, 1993

Brent Gardner  
Utah Association of Counties  
4021 South 700 East, Suite 180  
Salt lake City, Utah 84107

RE: Official Bonds

Dear Brent:

Reference is made to Utah Code Annotated, §17-16-11, §52-1-13, and §52-2-1. As you will see from reading these code citations, there are bonds required by Utah State Law that are not currently being furnished by UAC Mutual. I doubt that any of the county officials in the State of Utah have obtained any of these required bonds. I know for a fact that none of the elected officials in the Fourth Judicial District have done so and seriously doubt that any elsewhere in the state have obtained the bonds. The problem has come up now when so-called "constitutionalists" receive a citation or are a named defendant in criminal charges they challenge the capacity of the prosecuting attorney, justice of the peace and any other public official acting in regards to their case, with the lack of capacity to act officially because of the failure to obtain this bond. There are two Utah cases where the Court Appeals have not dismissed criminal charges because of the failure of the public officials to obtain the bond but there is some dicta or inference in these cases which would lead one to believe that the bonds either should be obtained or the statutes requiring such bonds should be repealed. The two cases are: State vs. Gambrell 814P2d 1136 and State vs. Sawyers 819P2d 806.

Would you please look into this to see what can be done. I would recommend that the Utah Association of Counties do one of the following: (1) UAC Mutual could provide the bonds as part of the insurance coverage for the member counties; or (2) Utah Association of Counties could sponsor legislation repealing these Utah Statutes.

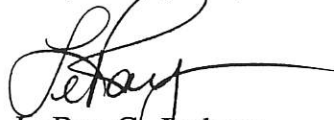


Brent Gardner  
Utah Association of Counties  
December 30, 1993

Page 2

If you have any questions please give me a call. I would be more than happy to discuss this with you since it is a problem which will be faced by several of the counties, at least in the rural areas where so many of these so-called "constitutionalists" live.

Very truly yours,

A handwritten signature in dark ink, appearing to read "LeRay", with a long horizontal flourish extending to the right.

LeRay G. Jackson  
Millard County Attorney

LGJ/vlj

1



BOWES  
Bowes Associates, Inc.

December 7, 1993

Board of Directors  
UAC Insurance Mutual  
4021 South 700 E, First Floor  
Salt Lake City, UT 84107

Dear Members of the Board:

RE: Administrative/Consulting Services for 1994

The following is a renewal proposal for administrative and consulting services to the Utah Association of Counties Insurance Mutual.

-Provide assistance and coordinate the preparation and dissemination of agendas, minutes and information for Board and Membership meetings.

-Attend the Board and Membership meetings to assist and provide counsel as appropriate.

-Provide coordination between claims administration and loss prevention activities as appropriate or directed by the Board to assure maximum loss control.

-Provide counsel and assistance to UACIM and UAC in reviewing and negotiating all contracts, including: brokerage, claims administration, accounting, auditing, actuarial, and the UAC Administration Service Agreement.

-Provide an ACTION PLAN AND TIMELINE with tracking and bi-monthly updates.

-Provide contact and communication with other state association insurance operations, specifically with the Kansas, New Mexico and Colorado counties' property and casualty/workers' compensation pools.

- Provide assistance in evaluating services of contract providers.

-Review billings on request.

-Prepare drafts and updates for job descriptions as requested by the Board.



-Assist or direct search and screen activities for new or existing positions as required. This activity would include preparation of announcement of position opening, placing advertisements in national and local publications, providing information to and answering inquiries from applicants, and screening candidates for Board interviews. Also provide coordination of travel, interview schedules, and acceptance and rejection letters to candidates. If extraordinary time is required, time and expenses would be negotiated.

-Provided information to the Loss Prevention Officer to access materials/libraries, and professional information.

-Assist as requested with drafting policies and guidelines such as coverage of special districts, inverse condemnation, premium schedules, collections/delinquencies, coverage of outside law enforcement services, conflict of interest declarations, or special event coverage.

-Assist with the drafting of a UACIM contribution formula for 1995

-Provide general administration, coordination and counsel to the Mutual as directed by the Board of Directors.

I have over fifteen years of management experience as a state association director and in the operations of employee benefit, worker' compensation, and property and casualty insurance pooling. The politics, management, and issues are familiar territory.

I am not an expert in the areas of claims administration or brokerage; however, my experience will continue to be helpful in recognizing problems from a practical position when they develop. The consulting does not take responsibility in the areas of loss projections, funding, or the fiduciary obligations of the UAC Mutual.

I would coordinate the preparation of the Annual Report, the updates to the Service Manual, and the Loss Prevention Plan as requested by the Board.

My most valuable contribution will be in coordinating the key players/elements and serving the Mutual with input, direction, and information for policy development considerations.

My hourly rate will be the same as for 1990, 1991, 1992, and 1993, which is well below the national average. It is difficult to estimate the hours required on an annual basis as they depend on the expertise and commitment of a number of individuals, including providers. It is also impossible to predict the number and severity of problems that will occur. The only thing assured is that unexpected needs and issues will arise in the next twelve months.



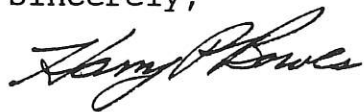
The 1994 proposal is the same as this year which includes direct travel expenses and a contract of \$36,000 maximum and \$24,000 minimum to be accounted for on a \$145.00 per hour basis. The estimated will vary between 170-250 hours. This administrative consulting contract will save UAC expenses for health, employment benefits, and overhead such as rent, equipment, utilities, etc. and would be more cost effective than in-house support.

As I recommended in December 1992, UACIM will want to consider in-house support when and if workers' compensation is added to the program.

In 1993, I billed UAC for 165.5 hours for a total of \$24,005.00. There were 47 calls or requests for information that were logged on my activity sheet at no charge.

I look forward to the opportunity to work with the UACIM Board of Directors and membership in 1994.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harry P. Bowes".

Harry P. Bowes



Aon Insurance Management Services, Inc.  
4021 South Seventh East - Suite 180  
Salt Lake City, Utah 84107  
801/288-0906

Facsimile: 801/288-9006



January 11, 1994

Brent Gardner, Executive Director  
Utah Association of Counties Insurance Mutual  
4021 South 700 East Suite 180  
Salt Lake City, Utah 84107

RE: Claim Number: 801DAV 93 7043  
Member: Davis County  
Claimant: Davis County  
Date of Loss: 11/10/93

Dear Brent:

Authorization is needed from the UACIM Board of Directors to conclude settlement of Davis County's loss in the amount of \$16,247.58.

Settlement proposal is itemized as follows:

Supreme Senator 1992 Paratransit Van, VIN# 1FDKE30M5NHB54920:  
\$16,247.58 repair cost.

Please correspond in writing to this request. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "DA", with a long horizontal flourish extending to the right.

Douglas Alexander  
Branch Manager

DA/dwb





**Coopers  
& Lybrand**

certified public accountants

203 North LaSalle Street  
Chicago, Illinois 60601

telephone (312) 701-5500

facsimile (312) 701-6533  
twx (910) 221-5211

January 12, 1994

Mr. Brent Gardner  
Utah Association of Counties  
Insurance Mutual  
4021 South 700 East  
Suite 180  
Salt Lake City, Utah 84107

Dear Brent:

We are pleased with the opportunity to continue to provide audit and actuarial services to the Utah Association of Counties Insurance Mutual (the "Association") for the year ended December 31, 1993.

Based on our discussions with you and Al Stein, it is our understanding that the Association's level of activity has not changed significantly from the prior year. Accordingly, the scope of our services should not change significantly. Our proposed fees, therefore, reflect only a modest increase just over 3% to keep pace with inflation. As in the prior year, staff from the Salt Lake City office will perform certain audit procedures related to claims processing.

The fees for these services, as detailed in the attached letters, are proposed at \$14,500 for the audit of the statutory financial statements and \$6,400 for the actuarial services.

Letters of arrangement for both the audit and actuarial services are enclosed. Please return one signed copy of these arrangement letters to us.

If you have any questions, please feel free to call me at (312)701-6263 or Ron Swanstrom at (312)701-5583.

Sincerely,



Robert E. Newman

REN/sja

Enclosures



**Coopers  
& Lybrand**

certified public accountants

203 North LaSalle Street  
Chicago, Illinois 60601

telephone (312) 701-5500

facsimile (312) 701-6533

TWX (910) 221-5211

January 12, 1994

Board of Directors  
Utah Association of Counties Insurance Mutual  
c/o Mr. Brent Gardner  
Utah Association of Counties Insurance Mutual  
4021 South 700 East  
Suite 180  
Salt Lake City, Utah 84107

Dear Board of Directors and Mr. Gardner:

This letter of arrangement between Utah Association of Counties Insurance Mutual ("Mutual") and Coopers & Lybrand sets forth the nature and scope of the services we will provide, Mutual's required involvement and assistance in support of our services, the related fee arrangements and other terms and conditions designed to assure that our professional services are performed to achieve the mutually agreed upon objectives of Mutual.

**SUMMARY OF SERVICES**

We will audit the statutory-basis financial statements of Mutual as of and for the year ending December 31, 1993, in accordance with generally accepted auditing standards. The objective of an audit is the expression of our opinion concerning whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Mutual in conformity with accounting practices prescribed or permitted by The Insurance Department of the State of Utah. We expect to deliver our reports in mid-May.

The engagement will be led by:

- Bob Newman, partner, who will be responsible for assuring the overall quality, value, and timeliness of our services to you
- Susan Anderson, manager, who will be responsible for managing the delivery of our services to you
- Carolyn Healy, in charge accountant, who will be responsible for managing the day to day fieldwork in providing our services to you



Tom Brown, will serve as the concurring partner and will be available in the absence of the engagement partner. This team will have access to a full range of specialists to assist as necessary.

#### TERMS AND CONDITIONS SUPPORTING FEE ESTIMATE

As a result of our planning process, Mutual and Coopers & Lybrand have agreed to an approach aimed at achieving Mutual's objectives for an agreed upon fee, subject to the following conditions.

To facilitate meeting our mutual objectives, Mutual will provide in a timely manner audit schedules and supporting information, including timely communication of all significant accounting and financial reporting matters, as well as working space and clerical assistance as mutually agreed upon and as is normal and reasonable in the circumstances. When and if for any reason Mutual is unable to provide such schedules, information and assistance, Coopers & Lybrand and Mutual will mutually revise the estimated fee to reflect additional services, if any, required of us to achieve these objectives. Such revisions will be set forth in the form of an "Amendment to Letter of Arrangement".

In providing our services, we will consult with Mutual with respect to matters of accounting, financial reporting or other significant business issues. Accordingly, time necessary to effect a reasonable amount of such consultation is reflected in our fee estimate. However, should a matter require research, consultation or audit work beyond that amount, Coopers & Lybrand and Mutual will agree to an appropriate revision in services and estimated fee. Such revisions will also be set forth in the form of an "Amendment to Letter of Arrangement".

Except for any changes in fees which may result from the circumstances described above, our fees will be limited to those set forth below.

#### FEE ESTIMATE

Our fees for the services described above will be \$14,500, plus out-of-pocket expenses, subject to the terms and conditions above. Such expenses will include travel, lodging, subsistence and an allocation of office charges in support of our services including computer usage, telephone, facsimile transmission, postage, photoreproduction and similar expenses.

Our fees, and out-of-pocket expenses will be billed periodically throughout the year. Invoices rendered are due and payable upon receipt.



### LIMITATIONS OF THE AUDITING PROCESS

Our audit will include procedures designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements. As you are aware, however, there are inherent limitations in the auditing process. For example, audits are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that errors and irregularities, if they exist, may not be detected. Also, because of the characteristics of irregularities, including attempts at concealment through collusion and forgery, a properly designed and executed audit may not detect a material irregularity.

Similarly, in performing our audit we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our audit provides no assurance that illegal acts generally will be detected, and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statement amounts will be detected. We will inform you with respect to material errors and irregularities, or illegal acts that come to our attention during the course of our audit.

### RESPONSIBILITIES AS TO INTERNAL CONTROLS

As a part of our audit, we will consider Mutual's internal control structure, as required by generally accepted auditing standards, for the purpose of establishing a basis for determining the nature, timing, and extent of auditing procedures necessary for expressing our opinion concerning the financial statements. You recognize that the financial statements and the establishment and maintenance of an internal control structure are the responsibility of management. Appropriate supervisory review procedures are necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to and to identify errors and irregularities or illegal acts. As part of our consideration of Mutual's internal control structure, we will inform you of matters that come to our attention that represent significant deficiencies in the design or operation of the internal control structure.

We are prepared at your request to perform a more in-depth assessment of Mutual's internal control structure, and report our findings and recommendations. If you prefer, we stand ready to conduct an examination engagement to provide assurance on the effectiveness of your internal control structure. In that circumstance, we would assist management in making an initial assessment of internal control effectiveness, and then conduct an evaluation of that assessment for the purpose of issuing an attestation report. We would use effectiveness criteria set forth in Internal Control--Integrated Framework, authored by Coopers & Lybrand and issued by the Committee of Sponsoring Organizations of the Treadway Commission, or other acceptable





criteria that may be available. We would be pleased to discuss fees for these services, which depend on their scope.

#### REPRESENTATION FROM MANAGEMENT

At the conclusion of the engagement, Mutual's management will provide to us a representation letter that, among other things, will confirm management's responsibility for the preparation of the statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of Utah, the availability of financial records and related data, the completeness and availability of all minutes of the Board and committee meetings, and, to the best of their knowledge and belief, the absence of irregularities involving management or those employees who have significant roles in the control structure.

#### COMMUNICATIONS

At the conclusion of the engagement, we will provide management and the board of directors, in a mutually agreeable format, our recommendations designed to help Mutual make improvements in its internal control structure and operation, and other matters that may come to our attention (see "Responsibilities as to Internal Controls" above).

As part of this engagement we will ensure that certain additional matters are communicated to the appropriate members of management and the board of directors. Such matters include (1) the initial selection of and changes in significant accounting policies and their application; (2) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (3) audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on your financial reporting process; (4) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our report; (5) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (6) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; and (7) serious difficulties that we encountered in dealing with management related to the performance of the audit.

As part of our ongoing process of assessing the quality of our services, you may receive questionnaires from us and/or visits from senior partners not directly involved in providing services to you. We appreciate the attention that you give to these and value your commentary. Additionally, if you have questions or concerns about our services, you may contact Jim Tait, the



Business Assurance Partner-In-Charge responsible for the engagement team serving you at (312)701-5516.

**ACCESS TO WORKING PAPERS**

Except as discussed below, any requests for access to our working papers will be discussed with you prior to making them available to requesting parties.

Our Firm, as well as all other major accounting firms, participates in a "peer review" program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us in writing.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us. If you have any questions, please call Bob Newman at (312) 701-6263.

Very truly yours,

*Cooper & Lybrand*

*Robert E. Newman*  
SUBMITTED BY

\_\_\_\_\_  
ACCEPTED BY

\_\_\_\_\_  
DATE

\_\_\_\_\_  
TITLE



**Coopers  
& Lybrand**

certified public accountants

203 North LaSalle Street  
Chicago, Illinois 60601

telephone (312) 701-5500

facsimile (312) 701-5533

tlwx (910) 221-5211

January 12, 1994

Board of Directors

Utah Association of Counties Insurance Mutual

c/o Mr. Brent Gardner

Utah Association of Counties Insurance Mutual

4021 South 700 East

Suite 180

Salt Lake City, Utah 84107

**Re: Utah Association of Counties Insurance Mutual  
Proposal to Provide Actuarial Services**

Dear Board of Directors and Mr. Gardner:

Coopers & Lybrand (C&L) is pleased to have this opportunity to offer actuarial services to Utah Association of Counties Insurance Mutual (Utah Mutual). This letter will describe our understanding of the scope of the engagement and provide you with an estimate of the fees.

**Scope**

C&L's work will involve reviewing Utah Mutual's December 31, 1993 loss and loss adjustment expense experience in order to provide the actuarial opinion required by the National Association of Insurance Commissioners. Our review will provide you with that opinion as well as a written report. This report will document the methods and assumptions used in our analysis and will satisfy NAIC requirements concerning the actuarial report. The report will include enough detail to allow both actuarial and non-actuarial personnel to develop an understanding of our findings.

**Staffing of the Engagement**

Mr. Terrence M. O'Brien, FCAS, MAAA, CPCU, will be responsible for coordinating the performance of the engagement. Mr. O'Brien is the principal in charge of casualty actuarial services in Chicago.



Mr. Ronald J. Swanstrom, FCAS, MAAA, a Senior Consultant in C&L's Chicago Casualty Actuarial/Risk Management Group, will assume day-to-day responsibility for the engagement. Mr. Swanstrom has performed loss reserve analyses for several types of companies including large and small insurance companies, reinsurance companies, captive insurers, and self-insureds.

### Timing and Fees

The formal opinion must be filed by March 1, 1994. To meet this date, we need to receive the data by the week of January 24, 1994. We would like to meet with Aon Insurance Management personnel as soon as possible to discuss the available data.

The formal actuarial report will be completed sometime after March 1. This report has no formal due date. We expect to provide Utah Mutual with a draft report by April 15. We will finalize that report after we receive Utah Mutual's comments.

C&L determines the professional fees for its engagements based on the number of hours and level of professional staff required to complete the engagement. For this engagement, we expect professional fees to be \$6,400. We agree that the professional fees associated with providing initial results to Utah Mutual will not exceed \$6,400. However, if our initial results are significantly different from Utah Mutual's carried reserves, the work associated with resolving that difference will be in addition to the \$6,400 limit.

We will bill for out-of-pocket expenses in addition to professional fees. Out-of-pocket expenses include the cost of computer time, reproduction, report production, travel, telephone expense and postage.





**Conclusion**

C&L is pleased to have this opportunity to provide actuarial services to Utah Association of Counties Insurance Mutual. If you have any questions, please call Ron Swanstrom at (312) 701-5583.

Sincerely,

**COOPERS & LYBRAND**

Terrence M. O'Brien

Terrence M. O'Brien, FCAS, MAAA, CPCU

